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Question 6/1: Interconnection

STUDY GROUP 1

SOURCE: ARGENTINA

TITLE: INTERCONNECTION

1 Globalization is essentially driven by the reduction in time and distance made possible by telecommunications. The fluid exchange of information worldwide has an impact on basic rights such as the right to equal opportunities and to unrestricted access to information. This would not be possible if network interconnection standards did not provide users with efficient and transparent means of communication.

2 The presence of monopoly or dominant service providers in national markets makes it necessary to establish standards for interconnection with their networks which guarantee access terms and conditions that are published, non-discriminatory and reasonable. The WTO agreements and measures adopted by different administrations to control monopoly practices point to the need for decisions to be taken on:

- 1) Cost-based prices;
- 2) Publicity, transparency and non-discrimination;
- 3) Unbundling of network elements and functions;
- 4) Definition of basic facilities;
- 5) Interconnection points.

3 Within the framework of international interconnection, there is a need to settle the debate between those administrations which consider that the mechanism of applying high accounting rates implies a subsidy between countries with which the respective populations do not agree and those administrations which consider that the mechanism of high accounting rates or some such similar mechanism allows for the financing of networks in developing countries. Over and above discussions on interconnection, this could lead to other discussions on "international universal service".

AGENDA ON INTERCONNECTION

1 BASICS OF INTERCONNECTION

1.1 Interconnection and public interest;

1.2 Interconnection and competition.

1.1 Interconnection and public interest

- a) Problems relating to interconnection generally stem from the existence of a monopoly or dominant network to which other service providers are obliged to connect in order to provide their services and so that their customers can access those of other service providers.
- b) That customers should be able to communicate with one another is a matter of public interest, involving as it does access to exchange and commerce, access to information and equality of opportunity for all users.
- c) The fact that dominant networks generally developed under the protection of a monopoly constitutes a privilege. From this point of view, any privilege should be geared towards serving the public interest, and it should be noted that users had to pay a monopoly charge on account of that privilege.
- d) Thus it is that international standards establish the mandatory nature of interconnection and the obligation to give service providers, in a non-discriminatory manner and to the extent available, access to the public network in a competitive environment.

1.2 Interconnection and competition

- a) There can be no competition without interconnection. On the first day of competition, the first customer of the new service provider must be able, in all cases without exception, to communicate with customers of the original provider - something which would be impossible without interconnection.
- b) The interconnection regime and the degree to which it is reasonable and stable are the factors on which the competition will base its key decision whether to interconnect with the existing network or construct an alternative network.
- c) On the basis of the aforementioned public interest principles, a new competitor should be able to choose whether or not to use the dominant network developed on the basis of monopoly income (item 5 of the Annex on Telecommunications to the WTO agreement), and to avail itself of the right to construct its own network as an alternative to accepting unreasonable terms and conditions for interconnection.
- d) State policy to encourage alternative networks should not be based on obstacles to interconnection, but on state policies with regard to the issuing of licences or concessions and spectrum considerations.

2 LEGAL PRINCIPLES OF INTERCONNECTION

In conformity with the agreements established within the framework of WTO, the legal principles of interconnection are:

- a) Mandatoriness,
 - b) Timeliness,
 - c) Independent arbitration within the legal time-limits,
 - d) Non-discrimination, publicity and transparency,
 - e) Unbundling of network elements,
 - f) Cost-based prices,
 - g) Free choice of interconnection points.
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